

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-05

H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02

SS-15 ICA-11 AID-05 COME-00 EB-08 FRB-03 TRSE-00

XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 STR-07 CEA-01

AGRE-00 DOE-15 SOE-02 /143 W

-----118272 130856Z /11

R 130736Z APR 78

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 2980

INFO AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY MAILA

AMEMBASSY PARIS

AMEMBASSY PORT MORESBY

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

USMISSION GENEVA

AMCONSUL BRISBANE

AMCONSUL PERTH

AMCONSUL MELBOURNE

AMCONSUL SYDNEY

C O N F I D E N T I A L SECTION 1 OF 2 CANBERRA 2771

E.O. 11652: GDS

TAGS: ETRD, EGEN, EEPR, AS, USOECD

SUBJ: AUSTRALIAN-NEW ZEALAND VIEWS ON INTERNATIONAL TRADE

1. DURING A DISCUSSION OF NEW ZEALAND DEPUTY PRIME
MINISTER TALBOYS' RECENT VISIT TO AUSTRALIA, SENIOR DFA
OFFICIAL TOLD THE POLCOUNS THAT AS EXPECTED INTERNATIONAL
TRADE PROBLEMS RECEIVED THE MOST ATTENTION. THE SECTION
OF THE FINAL COMMUNIQUE ISSUED BY PRIME MINISTER FRASER
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AND TALBOYS DEALING WITH INTERNATIONAL TRADE HAD BEEN
LARGELY PERSONALLY DRAFTED BY PRIME MINISTER FRASER, AND
THEN FINALLY APPROVED BY FRASER AND ACCEPTED BY
TALBOYS. IN DFA OFFICIAL'S VIEW THIS IS THE DEFINITIVE
CURRENT AUSTRALIAN POSITION ON INTERNATIONAL TRADE
QUESTIONS. IT WILL BE THE LINE FRASER TAKES WITH FUKUDA
IN TOKYO APRIL 18-21, AND WE UNDERSTAND FRASER INTENDS TO

URGE FUKUDA TO FACTOR IT INTO THE LATTER'S CONVERSATIONS WITH PRESIDENT CARTER. THE STRENGTH OF FRASER'S AND TALBOYS' VIEWS ON THE CURRENT STATE OF MULTILATERAL TRADE NEGOTIATIONS ALONE MAKES THE COMMUNIQUE WORTHY OF NOTE. BEGIN UNCLASSIFIED:

TEXT OF FINAL SECTION OF TALBOYS/FRASER COMMUNIQUE
DEALING WITH INTERNATIONAL TRADE:
"INTERNATIONAL TRADE

"MR. FRASER AND MR. TALBOYS DISCUSSED EXTENSIVELY CURRENT MAJOR ISSUES IN INTERNATIONAL TRADE. AUSTRALIA AND NEW ZEALAND HAVE IMPORTANT INTERESTS IN COMMON WITH DEVELOPING COUNTRIES, AS EXPORTERS OF PRIMARY COMMODITIES, IN SEEKING IMPROVED CONDITIONS FOR INTERNATIONAL TRADE IN COMMODITIES.

"THE MULTILATERAL TRADE NEGOTIATIONS HAVE YET TO ACHIEVE A MEANINGFUL LIBERALIZATION OF INTERNATIONAL TRADE COMMODITIES. THE BENEFITS OF THE MULTILATERAL TRADE NEGOTIATIONS HAVE TO DATE BEEN UNEQUALLY SHARED. THEY HAVE TENDED TO FAVOR THE MAJOR INDUSTRIAL PRODUCERS AND HAVE DONE LITTLE FOR COMMODITY PRODUCERS.

"AUSTRALIA AND NEW ZEALAND REGARD IMPROVED WORLD TRADING CONDITIONS FOR AGRICULTURE AS AN ESSENTIAL INGREDIENT OF A SATISFACTORY OUTCOME TO THE MULTILATERAL TRADE NEGOTIATIONS.
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"MR. FRASER AND MR. TALBOYS AGREED THAT THERE IS A PRESSING NEED FOR SUBSTANTIALLY IMPROVED ACCESS FOR AGRICULTURAL PRODUCTS INTO THE MARKETS OF THE MAJOR INDUSTRIAL COUNTRIES.

"BOTH COUNTRIES CONTINUE TO SUPPORT MULTILATERAL ARRANGEMENTS FOR APPROPRIATE COMMODITIES INVOLVING BOTH PRODUCERS AND CONSUMERS AS A MEANS OF ACHIEVING MORE STABLE WORLD TRADE CONDITIONS. THEY WISH TO SEE THE UNCTAD NEGOTIATING CONFERENCE ON THE COMMON FUND RESUMED AT THE EARLIEST OPPORTUNITY AND ARE WILLING TO PARTICIPATE ACTIVELY AND CONSTRUCTIVELY IN THESE NEGOTIATIONS TO ACHIEVE AN EARLY SUCCESSFUL OUTCOME.

"MR. FRASER AND MR. TALBOYS AGREED THAT IT IS ESSENTIAL FOR ALL TRADING COUNTRIES TO COMMIT THEMSELVES TO WORK TOWARDS AN EXPANSION OF WORLD TRADE AND WORLD MARKETS. ONLY IN THIS WAY CAN AN ECONOMIC CLIMATE BE CREATED IN WHICH A SOLUTION MAY BE FOUND TO THE PROBLEMS OF DEVELOPED AND DEVELOPING COUNTRIES ALIKE. A FAILURE IN OR A MERELY FACE-SAVING OUTCOME TO THE FORTHCOMING ROUND OF

MULTILATERAL TRADE NEGOTIATIONS WOULD GIVE A FURTHER
IMPETUS TO THE EMERGING PROTECTIONSIM IN THE MAJOR
INDUSRIAL TRADING BLOCS. THIS COULD HAVE VERY
DAMAGING CONSEQUENCES FOR THE WORLD ECONOMY.

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C O N F I D E N T I A L SECTION 2 OF 2 CANBERRA 2771

"MR. FRASER AND MR. TALBOYS AGREED ON THE NEED TO
ESTABLISH AN INTERNATIONAL TRADING SYSTEM THAT WILL
ASSIST THE DEVELOPING COUNTREIS TO REALIZE THEIR FULL
ECONOMIC AND SOCIAL POTENTIAL. NOT ONLY IS THIS ESSEN-
TIAL TO MEET THE ASPIRATIONS OF THE DEVELOPING COUNTRIES,
BUT IT SHOULD ALSO SERVE TO PROMOTE SOUNDLY BASED AND
SUSTAINED WORLD ECONOMIC GROWTH. TO ACHIEVE MORE
EQUITABLE ARRANGEMENTS FOR INTERNATIONAL TRADE, IT IS
NECESSARY FOR THE MAJOR INDUSTRIAL COUNTRIES TO MAKE A
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NEW COMMITMENT TO WORK WITH THE DEVELOPING COUNTRIES
TO THIS END.

" IT WAS AGREED THAT OFFICIALS IN AUSTRALIA AND NEW
ZEALAND SHOULD UNDERTAKE AS A MATTER OF URGENCY A FUNDA-
MENTAL EXAMINATION OF THESE ISSUES AND OF THE PROSPECTS
FOR ACHIEVING THE TWIN OBJECTIVES OF AN EXPANDED AND MORE
EQUITABLE INTERNATIONAL TRADE SYSTEM. THERE SHOULD BE
FURTHER DISCUSSIONS BETWEEN AUSTRALIAN AND NEW ZEALAND
OFFICIALS AFTER CONSIDERATION OF THESE MATTERS AT THE
NATIONAL LEVEL. THE TWO COUNTRIES SHOULD WORK TOGETHER
INTERNATIONALLY TO PRESS FOR PROGRESS IN THESE AREAS."

END UNCLASSIFIED.

2. ACCORDING TO DFA OFFICIAL, TALBOYS WAS INITIALLY
SOMEWHAT RELUCTANT TO TIE NEW ZEALAND'S INTEREST AND
SUPPORT SO CLOSELY WITH THE DEVELOPING COUNTRIES AS
WAS FRASER, GIVEN NEW ZEALAND'S SOMEWHAT LESSER INTEREST
AND INVOLVEMENT WITH THE LDCS. HOWEVER, FRASER'S VIEW
PREVAILED.

3. FRASER ALSO RAISED THE POSSIBILITY OF NEW ZEALAND'S
CHANGING ITS POLICY ON THE COMMON FUND TO ACCORD WITH
AUSTRALIA'S NEW POSITION WHICH CALLS FOR DIRECT CONTRI-
BUTIONS FROM GOVERNMENTS IN ADDITION TO CONTRIBUTIONS
FROM PRODUCERS AND CONSUMERS. (SEE CANBERRA 1360.)
HOWEVER, TALBOYS SHOWED LITTLE, "IN FACT, NO" ENTHUSIASM
FOR THIS PROPOSAL.

4. NEW ZEALAND-AUSTRALIAN BILATERAL QUESTIONS RAISED
DURING TALBOYS' VISIT WILL BE SUBJECT OF A SEPARATE
MESSAGE.

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